Barbara Anne Sousa
Assistant General Counsel

185 Franklin Street, 13th Floor
Boston, MA 02110-1585

Phone 617 743-7331
Fax 617 737-0648
barbara.a.sousa@verizon.com

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Mary L. Cottrell, Secretary
Department of Telecommunications & Energy
Commonwealth of Massachusetts
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: <u>D.P.U./D.T.E. 97-88/18 – PAYPHONE SERVICES</u>

Dear Ms. Cottrell:

Verizon Massachusetts ("Verizon MA") files this letter in response to the New England Public Communications Council, Inc.'s ("NEPCC") comments regarding Verizon MA's July 22, 2004, compliance filing in the above proceeding.

First, NEPCC objects to the following language in Part A, Section 1.15.A and Part B, Section 1.2.4.A of Verizon MA's proposed DTE MA No. 18 Tariff for payphone service providers ("PSP"): "[t]he [PAL or PAL] rates is equal to the equivalent unbundled network element (UNE) rates for a loop and port that a payphone provider would pay if purchasing the same elements through DTE MA No. 17 Tariff." NEPCC's Comments, at 2-3. Verizon MA's intent in including this statement in its proposed PSP tariff was to reflect the Department's June 23, 2004, Order ("Order") requiring that TELRIC based rates apply. Notwithstanding that fact, Verizon MA has no objection to removing that language, as NEPCC suggests.

Second, contrary to NEPCC's claims, Verizon MA's proposed PSP tariff does not modify the existing Operator Call Completion ("OCC") feature available to PSPs. Under Verizon MA's proposed tariff, OCC is neither mandatory nor offered at a bundled rate. Therefore, there will be no change in the billing or the functionality of this feature. Indeed, this is evidenced by the fact that Part A, Section 1.1.5.C(2) and Part B, Section 1.2.4.C(2) of Verizon MA's proposed PSP tariff cross-references applicable OCC tariff provisions currently contained in DTE MA No. 10 Tariff. Accordingly, there is no need to modify Verizon MA's proposed tariff language.

Third, NEPCC argues that "[n]othing in the *Phase II Order* required Verizon MA to file an entirely new tariff, complete with general provisions." NEPCC's Comments, at 5. That argument is unfounded.

In its Order, the Department expressly states that Public Access Line ("PAL") and Public Access Smart-Pay Line ("PASL") services are reclassified from *retail* (business) services to *wholesale* services. *Order* at 19. As a result, the Department requires Verizon MA to "remove those services from its retail tariff, Tariff M.D.T.E. No. 10, and tariff them in an appropriate wholesale tariff." *Id*. at 21 n.18. Verizon MA's tariff compliance filing is consistent with those Department directives. Verizon MA's proposed PSP tariff appropriately mirrors the terms and conditions currently found in DTE MA No. 10 Tariff, Part A, Section 8, while modifying the applicable payphone rates in compliance with the Department's Order. Moreover, it does not impose "more burdensome and restrictive regulations" on PSPs, as NEPCC erroneously claims.[1] NEPCC Comments, at 5. Therefore, NEPCC's argument should be rejected.

Fourth, NEPCC contends that Part A, Section 5.6 of D.T.E. MA No. 10 Tariff should be amended to state that PALs and PASLs are subject to the ten-call allowance for Directory Assistance ("DA") Service. NEPCC Comments, at 6. NEPCC is mistaken. Part B, Sections 1.1.5.C and 1.2.4.C of Verizon MA's proposed PSP tariff state that:

> The following services are available to PASL [PAL] subscribers through DTE MA No. 10. *Unless PASLs [PALs] are specifically addressed in DTE MA No. 10, subscribers to PASL [PAL] services will be treated as business services.*
>
> 1. Service connection is charged for as specified in DTE MA No. 10, Part A, Sections 2 and 3 and Part M, Section 1.
>
> 2. Charges for Directory Assistance, Operator Call Completion and MTS apply to calls originated from PASL [PAL] service as specified in DTE 10, Part A, Sections 5.6, 5.7 and 9 and Part M, Sec.1.

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1 NEPCC points to a "new indemnification requirement imposed by Section 1.5.3B of proposed DTE MA No. 18." NEPCC Comments, at 5. Although the language may not appear verbatim in DTE MA No. 10 Tariff, it is encompassed in the liability provisions currently included in DTE MA No. 10 Tariff, which are incorporated in Part A, Section 1.6.2.B of Verizon MA's proposed PSP tariff. Therefore, Verizon MA has no objection to eliminating proposed Section 1.5.3.B, if required.

Likewise, in response to NEPCC's comments, Verizon MA recommends the removal of Part B, Sections 1.1.2.A and 1.2.2.A of its proposed DTE MA No. 18 Tariff. NEPCC Comments, at 5. Those provisions state that: "[c]ustomers subscribing to PASL [PAL] service are subject to all tariff regulations which apply to customers with one-party business exchange service." Although this reflects Section 8.2.2.A of DTE MA No. 10, it is not required in Verizon MA's proposed DTE MA No. 18 Tariff because that new tariff incorporates the applicable rules and regulations for payphone line services (Part A), as well as PAL and PASL-specific provisions and rates (Parts B and M), including cross-references to one-party business service features, where applicable.

See Verizon MA's Compliance Filing, DTE MA No. 18 Tariff, Part B, Sections 1.1.5.C and 1.2.4.C (emphasis added). Accordingly, the above tariff adequately addresses the fact that the DA ten-call allowance for business services would apply to PALs and PASLs, and no change to DTE MA No. 10 Tariff, Part A, Section 5.6 is required.

Fifth, NEPCC contends that Verizon MA proposes to change the billing options available to PSPs under the DTE MA No. 18 Tariff and the existing DTE MA No. 10 Tariff. NEPCC Comments, at 6-7. This is incorrect.[2] Verizon MA proposes *no* change to the summary billing options currently available to PSPs pursuant to DTE MA No. 10, Part A, Section 5.1.5.D. This is reflected in Part B, Section 1.2.4.F of Verizon MA's proposed DTE MA No. 18 Tariff.

Finally, NEPCC opposes Verizon MA's elimination of the PAL credit contained in Section 8.2.3 of DTE MA No. 10 Tariff, and argues that the PAL credit be restored. NEPCC Comments, at 7. That argument is totally without merit.

The PAL credit was designed to provide a discount on retail-based, business exchange line rates applicable to PAL subscribers. It was never intended to apply to wholesale services priced at TELRIC based rate levels. Indeed, applying a PAL credit to wholesale rates would be unreasonable and inconsistent with the TELRIC cost methodology.[3] Therefore, the Department should reject NEPCC's attempt to retain the PAL credit once payphone services moves from a retail (business) rate structure to wholesale (TELRIC) pricing.

For the foregoing reasons, the Department should reject NEPCC's comments and approve Verizon MA's compliance filing, as modified by the tariff changes noted above.

Very truly yours,

/s/ Barbara Anne Sousa

Barbara Anne Sousa

cc: Kevin Penders, Esq., Hearing Officer (2)
Andrew Kaplan, Esq., General Counsel
Attached DPU/DTE 97-88/18 Service List

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2 It appears that NEPCC relied on an incorrect reference contained in Part A, Section 8.2.3.B of Verizon MA's DTE MA No. 10 Tariff. That tariff provision refers to Section 5.1.4.D, rather than Section 5.1.5.D, which contains the applicable billing option for PALs.

3 It should be noted that in accordance with 47 C.F.R. §64.1300, Verizon is required to pay per call compensation to PSPs for non-sent paid calls completed by Verizon from PALs or PASLs.